In the Supreme Court of the United States

OCTOBER TERM, 1964.

No. 20.

WALTER C. BRULOTTE and CECELIA BRULOTTE, his wife,
and
RAYMOND CHARVET and BLANCHE CHARVET, his wife,
Petitioners,

v.

THYS COMPANY,
Respondent.

MOTION OF WELL SURVEYS, INC. (AND DRESSER INDUSTRIES, INC.) FOR LEAVE TO FILE BRIEF AS AMICUS CURIAE.

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To the Honorable, The Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Now comes Well Surveys, Inc.,* and respectfully moves this Court, pursuant to Rule 42, paragraph 3, of the Rules of this Court, for leave to file the accompanying brief in this case as an *amicus curiae*. The consent of the attorney for petitioners was requested but refused. The interest of Well Surveys, Inc., and its reasons for asking for leave to file a brief as *amicus curiae* are set forth below.

Movant, Well Surveys, Inc., is appellee in the case of *McCullough Tool Company, et al. v. Well Surveys, Inc., et*

*All assets and liabilities of Well Surveys, Inc. have recently been transferred to its parent, Dresser Industries, Inc. For simplicity, the interest of Well Surveys, Inc. and/or Dresser Industries, Inc. will be referred to collectively as Well Surveys, Inc.

al. (Case Nos. 6952-6956), now pending in the Tenth Circuit Court of Appeals, which was argued before that court on January 10, 1964. Such case involves a claim by Well Surveys, Inc. that McCullough has infringed its patents, and a defense, rejected by the District Court, that Well Surveys, Inc. has been guilty of patent misuse. One of the asserted grounds of misuse is that Well Surveys, Inc. has included in the royalty base of certain patent licenses granted by it operations covered by an expired patent.

On July 10, 1964, the parties were advised by the Tenth Circuit Court of Appeals that decision would be "deferred pending decision of the Supreme Court of the United States in the case of *Brulotte, et al. v. Thys Company, et al.*, 376 U. S. Reports, Page 905"—that is, the instant case.

In the instant case, this Court had, a short time previously, granted a writ of certiorari limited to two questions. The first, framed as follows, is representative:

> "1. Whether it is a misuse to include in a license agreement a provision which perpetuates the monopoly of a licensed patent by a requirement that royalties be paid for the use of the invention after the patent has expired and the invention had been dedicated to the public."

The above question is so broadly stated that a categorical affirmative answer might be understood to control the decision in our Tenth Circuit case. In actuality, however, the operative facts of the two cases are very different, and each requires separate, though related, consideration.

In the instant *Brulotte* case, the Thys Company granted *only* package licenses with a broad royalty base including operations covered by expired patents. It apparently granted about 200 of these, in identical form, and never

granted or offered any other type of license. If the characterization in petitioners' brief is correct (we have not yet seen respondent's brief) this was a "mandatory package license."

In our Tenth Circuit case, on the other hand, movant offered its licensees and potential licensees an alternative to a package license. Each of them had an opportunity to negotiate a license under an individual patent or patents on reasonable terms, and many of such licenses were in fact negotiated. The District Court specifically found (Finding 122, Court of Appeals Record, Page 98):

> "While the royalty base employed in the standard license agreements made by WSI after June 1, 1956 included or purported to include operations covered by the expired Bender patent, the extension of the royalty base to cover practice of expired patents was not coerced; after June 1, 1956, but was voluntary upon the part of the licensees, who were offered a real alternative by WSI's offer to grant a license under any individual patent or patents upon negotiated terms."

Judge Savage held that the alternative offer of negotiated licenses under an individual patent or patents, and the voluntary nature of the acceptance of the broad royalty base by those licensees who accepted it, distinguished our case before him from cases in which the broad royalty base, including expired patents, was mandatory. A reading of his oral opinion (Court of Appeals Record, page 647) indicates that he believed this holding was required by the decision of this Court in *Automatic v. Hazeltine*, 339 U. S. 827 (1950).

As above stated, the Tenth Circuit Court of Appeals has deferred its decision of McCullough's appeal from the decision of Judge Savage pending decision by this Court of the instant *Brulotte* case.

In this situation, the reasons of Well Surveys, Inc., for asking leave to file a brief as *amicus curiae* in the instant case may be summarized as follows:

1. A categorical affirmative answer to the question as to which certiorari has been granted might be deemed to control, not only cases where the acceptance of a royalty base including operations covered by expired patents was coerced, but also a case like ours where the patentee offered a real alternative, and acceptance by licensees of the broad royalty base (in cases where they accepted it) was voluntary.

2. It is our view that, whether or not it is a misuse to coerce acceptance of a royalty base including operations covered by expired patents, the doctrine of misuse does not preclude parties, after a real alternative has been offered, from voluntarily agreeing, as a matter of convenience in accounting for royalties due, to use a broad royalty base which includes operations covered by expired patents. We believe that substantial authority, including decisions of this Court, supports this view, and that nothing in any decided case conflicts with it.

3. We, of course, have not yet seen respondent's brief in the instant case. However, if statements made in petitioners' brief are correct, the instant case is one in which acceptance of a royalty base including expired patents was mandatory. If this is true, neither petitioners nor respondent may have any interest in presenting to this Court the point of view outlined in 2 above. Specifically, petitioners argue that any inclusion in a royalty base of operations covered by expired patents, whether coerced or voluntary, is a misuse; and it may be the position of the respondent—as it was, apparently, the view of the Supreme Court of Washington—that inclusion of expired

patents in the royalty base, even where mandatory, is not a misuse provided the parties intended such inclusion. In this situation, the appended brief may be the only one addressed to what we believe is the controlling question in the case.

4. Respondent may argue only that inclusion of expired patents in the royalty base in the instant case was, as a matter of fact voluntary, and that, as such, it was legal. Such an argument would be along the same general lines as our view. However, even if respondent takes such position, we believe it would be helpful to this Court in arriving at a proper answer to the questions as to which certiorari was granted, to have before it an *amicus* brief, which is not limited by the precise factual situation in the case at bar, but is free to direct the attention of the Court to related fact situations, and to discuss the implications of possible holdings more broadly than respondent is likely to do.

It is such a brief, appended to this motion, which movant desires leave to file.

Respectfully submitted,

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